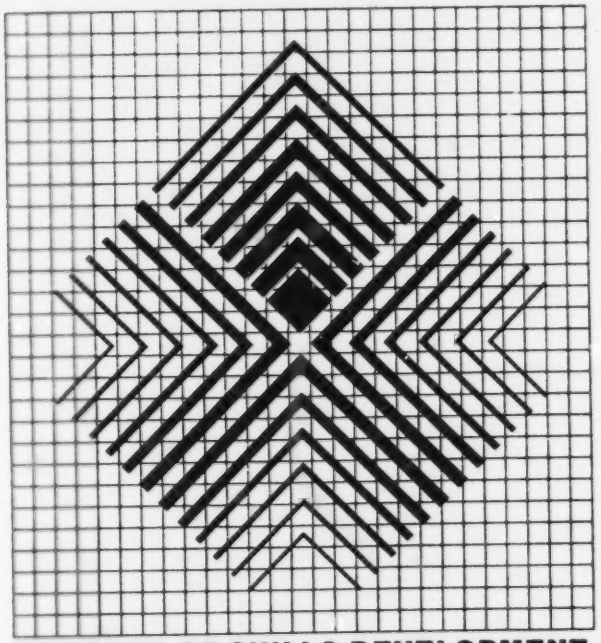
# HUMAN RESOURCE PLANNING



MINISTRY OF SKILLS DEVELOPMENT

# THREE CASE STUDIES

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# P R E F A C E

The Ontario Manpower Commission and the Ministry of Skills Development believe that the solutions to current and future labour market requirements depend to a significant extent on the decisions and activities of individual employers. Generally speaking, although employers recognize the need for strategic planning in areas of capital investment and product lines, they place considerably less emphasis on strategic planning of their human resources. A survey of private-sector human resource planning (HRP) practices, the results of which were published by the Ontario Manpower Commission in 1984, indicates considerable interest in HRP, but a major problem for employers, especially small and medium-size companies, is the perceived complexity of the process and lack of information about how to carry it out.

To raise employers' awareness of the importance of planning for their "people needs" and of the role of training in meeting these objectives, the Ontario Manpower Commission has, since 1980, been promoting the concept of human resource planning among small and medium-size firms.

As part of this activity, the Commission has sponsored a series of introductory HRP workshops in various locations across the province. A more advanced two-day workshop for practitioners is under development. Additionally, a booklet entitled *Human Resource Planning: An Introduction,* produced in 1985, has been provided to employers on request. Feedback on both the workshops and the publication has been extremely positive.

Over the years, a number of employers have suggested that the Commission publish some case studies on the successful implementation of human resource planning by individual employers. Such a publication, these employers indicated, could provide models for other employers and encourage firms that are on the brink of embarking on HRP. These suggestions provided the spur for this booklet.

Deciding which firms to present was no easy task. First we settled on a number of criteria. Since the thrust of the Ontario Manpower Commission's human resource planning activities is directed at small and medium-size establishments, we felt that the case studies should reflect this emphasis (small being defined as fewer than 100 employees and medium-size as 100 to 499 employees). We also felt that HRP should have been in place for a minimum of two years so that success could be assessed. Another consideration was providing a spread of geographic locations, types of industry, and union and nonunion settings. Finally, the firms we used had to be willing to be named.

We then surveyed one hundred establishments by telephone and eventually identified seven as meeting the basic criteria. Personal interviews narrowed the field to three. The firms selected represent very diverse industries: Corah Limited, of Barrie, is a garment manufacturer; Linear Technology Incorporated, of Burlington, is a high-tech firm involved in the manufacture of precision instruments; Baycrest Hospital, of North York, is in the service sector. (Since Corah and Baycrest are constituents of larger organizations one might question their strict adherence to our definition of size criterion. Yet each functions as a separate entity and, therefore, can be considered small to medium-size for our purposes.)

Each of these firms provides a good example of instituting the HRP process, and the three in combination, we feel, illustrate that there is no one recipe or formula for implementing human resource planning. Baycrest has a very formal and comprehensive program. In sharp contrast, Corah's

program is so informal that it does not use forms or charts. Linear Technology falls somewhere in the middle of the spectrum in terms of the sophistication of its HRP. Yet each organization is instituting the same *process* of planning for its human resources; it is the *techniques* for determining supply and demand that differ.

In preparing the case studies, the Ontario Manpower Commission received invaluable assistance and information from many individuals and organizations. Listing all of them here would be impossible. We do, however, thank all the people who so willingly co-operated in the survey and interview process, providing vast amounts of data and many insightful comments and suggestions.

In addition, the Ontario Manpower Commission extends gratitude to the three organizations that agreed to be studied and to the individuals in each who expended valuable time in gathering necessary information, talking in depth with OMC representatives, and reviewing the drafts of the study:

Elaine Zimmerman, Administrator, Planning and Human Resources
Maria Gallippi, Planning and Development Officer
Baycrest Centre for Geriatric Care, Toronto

Anthony E. Torr, General Manager
Bob McGowan, Manager, Finance and Administration
Vi Gainor, Manager, Personnel
Norma Smithson, Union President, Local 1937, ACTWU
Corah Limited, Barrie

John V. Griffiths, Manager, Human Resources
Linear Technology Incorporated, Burlington

The Ontario Manpower Commission also acknowledges the work of Andrea H. Soberg, the consultant who gathered and developed the information presented herein. The manuscript was edited by Lenore d'Anjou.

OMC
1986

# INTRODUCTION

The standard definition of human resource planning (HRP) is "having the right number and the right kinds of people at the right places at the right time, doing things which result in both the organization and the individual receiving maximum long-run benefit".

In general, HRP is a process that involves:

- Determining supply – what human resources the organization has now and will have in the future.
- Determining demand – what human resources the organization needs now and will need in the future.
- Matching these two results.
- Developing action plans to deal with any gaps or surpluses revealed by the matching. These plans may range from a decision to promote a single employee to a program to restructure the whole organization. (A key strategy for dealing effectively with anticipated imbalances is often the development of employees' skills through industrial training.)

The results of implementing such a process can be:

- Cost savings.
- Increased productivity.
- Increased profits.
- More flexibility of response.
- A more committed workforce.

HRP is a management tool that can be very simple or very complex. One organization may implement a highly formal, documented system whereas another achieves similar results with an informal system that relies on the knowledge, memory, and judgement of managers and supervisors. This flexibility means that HRP can be compatible with any situation at any time. A small organization with no personnel department can achieve benefits; so can a large organization with a whole department of human resources complete with computer systems specifically designed for HRP. Human resource planning can work successfully in a manufacturing organization, where firm-specific and industry-wide studies have been conducted on rates of productivity, and in an organization in the service sector, where measures of quality or productivity are notoriously difficult to determine. HRP is helpful – indeed, essential – in the planning of all levels of staff: professional, technical, and skilled personnel, who can be difficult to recruit, and semiskilled and unskilled workers, for whom recruitment presents little difficulty. And because human resource planning provides benefits to both the organization and the individual, it can complement a management's need to run a successful organization at the same time as it answers a union's concerns for employees' well-being.

HRP can come so close to being all things to all people because it is a tool that is not a specific technique but an attitude, a process, a series of steps taken to ensure a firm's having the right people in the right places today, tomorrow, next month, next year, and on through its planning period. HRP is, in other words, a means to an end. If the goal is, say, to cut a 30 cm piece of string, the instruments available range from a handy sharp stone

and the eye as a measure, through a scissors and a ruler, to high-precision machinery. Circumstances help to dictate the methods — laser cutters aren't available in the wilderness, and estimates aren't much help if your tolerances are narrow — but in most situations, a whole range of techniques would be "right", and you would be foolish to do without your string simply because you've mislaid your scissors.

Similarly, there is no single "correct" method of planning for an organization's human resources. Some of the techniques used by a firm with 500 highly trained workers will certainly differ from those adopted by one with 20 semiskilled employees. But outside this sort of common-sense bounds, there are many ways to tackle the planning process.

We offer the following case studies to suggest just a few of these ways, as well as a few of the situations in which they can be applied. The common threads are the realization that human resource planning is essential in running a successful business and the determination to gain HRP's benefits.

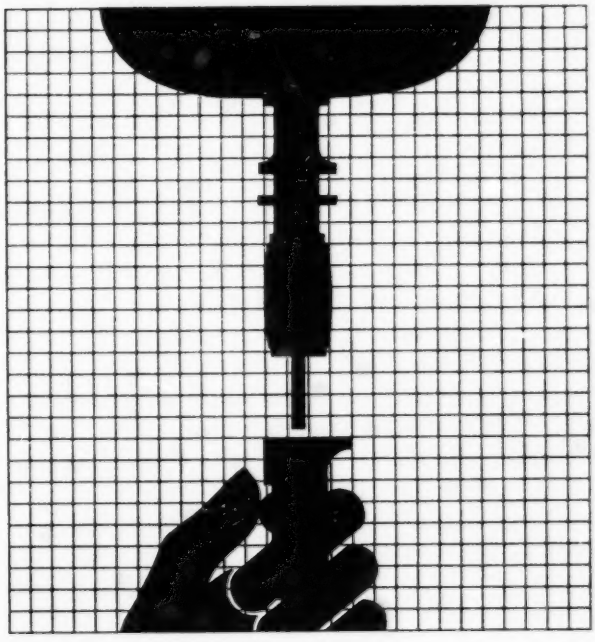
Each case is described here in the same format. After presenting a brief history of the organization and a description of its structure, we give a history of the way it introduced HRP. Then come sections that detail each of the main steps in the HRP process: determining supply, determining demand, and action planning. We then look at the results and benefits each specific firm has incurred, and finally we describe its plans for the future.

This detailed examination has the virtues of simplicity and of emphasizing the basic planning process of determining future gaps (or surpluses) and taking action to prevent them. It also, however, establishes some artificial separations and occasionally blurs the time line. In reality for most firms, determining demand and supply are virtually simultaneous, and instituting parts of the action plan (such as training) may precede the overall determination of gap or surplus. This overlap emphasizes the fact that human resource planning cannot be reduced to a magic formula. Rather, it is a dynamic process in which many techniques can be used to reach a beneficial conclusion.

# BAYCREST HOSPITAL

***It seems strange that human resource planning and management has not become the primary focus of development in the service sector, where 70 to 80 per cent of the budget is spent on salaries or salary-related items.***

**Elaine Zimmerman**
Administrator
Planning and Human
Resource Development



## Highlights of Study

- service organization
- 415 employees
- unionized
- human resource plans affected by an external party
- formal human resource planning process, implemented since 1982
- results of HRP: an increase in efficiency and productivity, a decrease in turnover, and an increase in morale

## History of the Organization

Baycrest Hospital is a Toronto geriatric hospital that provides a wide range of specialized medical programs. It is a part of the Baycrest Centre for Geriatric Care, which provides a continuum of care for the elderly and includes, in addition to the hospital, a home for the aged, a daycare centre, a minimal-care residential facility, and a multiservice centre offering a variety of social, cultural, and health-maintenance activities.

When Baycrest Centre began, in 1918, as the Toronto Jewish Old Folks Home, a group of neighbourhood volunteers provided total care for about 20 residents. The Centre gradually expanded its services and in 1954 established a hospital on the top floor of the four-storey building that now housed the rest of its activities. By 1968 the hospital had 154 beds and two programs of care.

In 1980, Baycrest began planning to build a separate hospital. In 1985, it opened the doors of this new facility, a hospital enlarged to 300 beds that offered a full range of medical services: a day hospital, a behavioural neurology department, a department for geriatric assessment and continuing care, a psychiatry program, a rehabilitation program, and a concentrated care and step-down unit. At present the new facility is regarded as a model of geriatric care, much examined and assessed by others in the field from around the world.

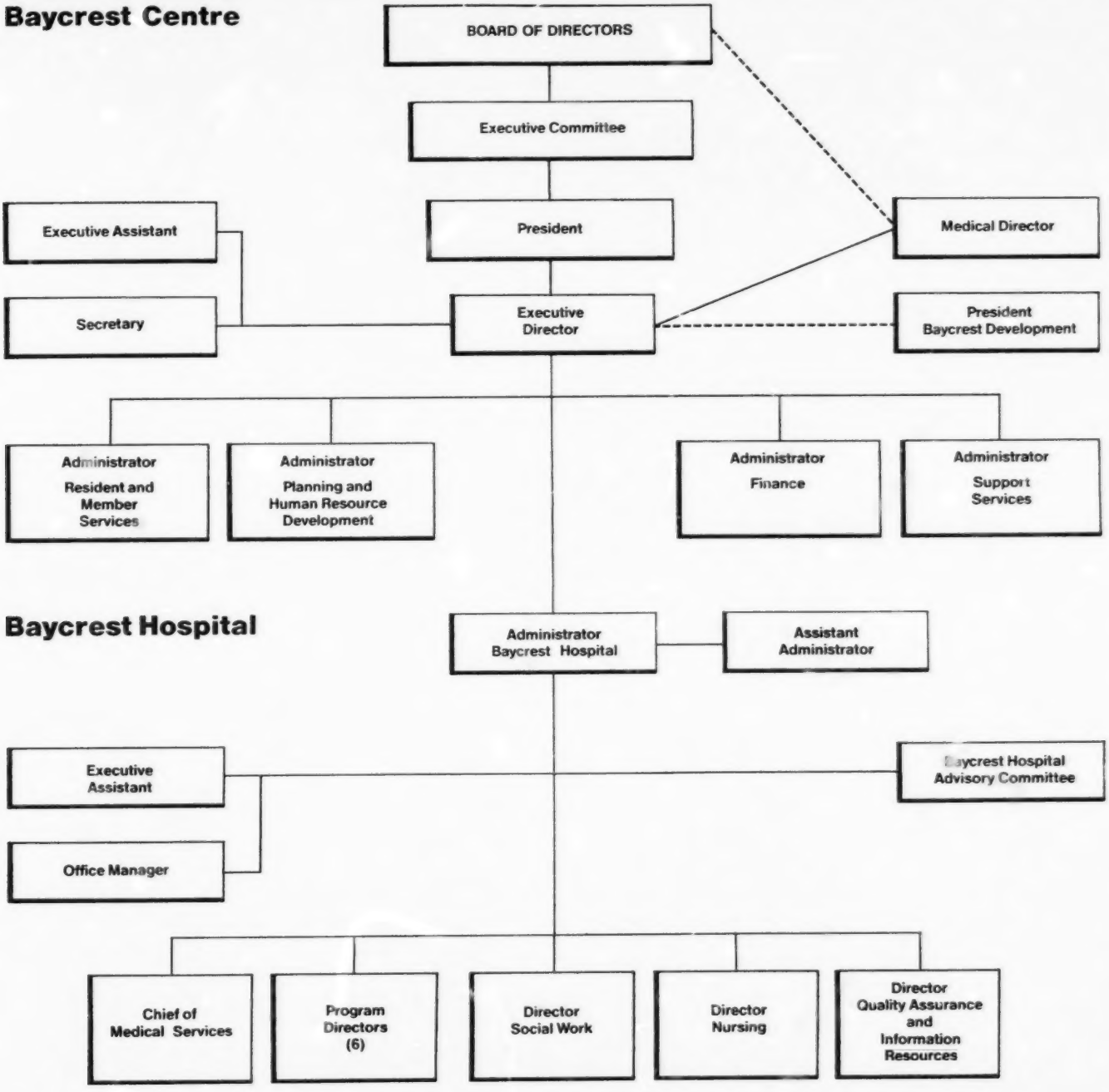
## Structure of the Organization

Baycrest Hospital, one of the five administrative areas within the Baycrest Centre, is headed by an administrator who reports to the executive director of the Centre. Falling under the administrator are ten areas of responsibility: quality assurance and information resources; nursing; social work; medical services; and six medical programs — psychiatry, rehabilitative medicine, assessment and continuing care, behavioural neurology, concentrated and step-down care, and ambulatory care. (The organization chart is presented opposite).

Below the director level, the organization uses a modified matrix structure. In this way the people co-ordinating the delivery of the service can effectively provide quality care. This approach is intrinsic to Bayview's continuum of care approach. Each area of responsibility can affect the others, so each must receive information and direction from the others in order to be able to follow through and provide the desired services.

The hospital currently employs 415 full-time-equivalent (FTE) staff members — nurses, social workers, medical staff, and administrative and support staff. In addition, it receives services from 235 FTE staff members who are shared throughout the Centre. (The services provided by the Human Resource Department are an example.) All positions below the supervisory level are unionized. Those unions represented are the Service Employees' International Union, the Ontario Public Service Employees' Union, the Ontario Nurses' Association, and the Baycrest Social Service Association.

# ORGANIZATIONAL CHART



## History of HRP

In 1975, Baycrest Centre created a new position: a functional administrator to be responsible for all the human resource areas in the Centre. Elaine Zimmerman, who took the position, came to the organization with a belief in the necessity of planning. She recognized the constraints of the situation – an external party (in this case, the Ministry of Health) set the operating budget, and as a result staffing levels were subjectively and somewhat arbitrarily determined – but she felt they were no excuse for ignoring planning. So began a mission of convincing the Centre's executive director and then its board of directors of the need to implement a formal, integrated HRP program.

Initially, the board, which is the chief policy-making body of the hospital, was not convinced there could be a significant pay-off from investing a large amount of managerial time in planning for future human resource needs. However, the board did approve instituting some of the basic building blocks of human resource planning: a job evaluation system, and the development of job descriptions and performance appraisals.

In 1980, plans for a new hospital were approved. Zimmerman again felt the need for a formal, integrated system of human resource planning and re-introduced the subject at this critical time. At this point, she was able to suggest some specific benefits. The hospital was going to expand from a 154-bed unit with two programs of care to a 300-bed unit with six programs of care. The staff complement would have to increase markedly and a greater diversity and higher levels of skills would be needed. Moreover, the transition would have to be smooth if quality of care was to be maintained. Zimmerman proposed a concrete HRP plan for this undertaking, and the board now offered its full commitment. The unions also approved because the program would ensure that current staff members would have first knowledge of and opportunity to apply for the new positions.

Another major party to the planning process had to be middle management. For HRP to work, it was important that the managers realize for themselves that their primary function is to manage people. The transition was difficult for a few, who saw their primary function as professional practitioners. Some, not being able to adapt, eventually moved elsewhere. For most, however, the proposal was acceptable, and in time, they would recognize that the system could help them to provide high-quality care to the elderly.

The projected date for completion of the hospital was fall 1985, so Zimmerman had ample time to develop and implement a system. In 1981, she received a publication of the Ontario Manpower Commission, *Human Resources Planning Manual,* that provided a step-by-step method of developing a human resource plan, complete with examples of forms and charts. Zimmerman's assistant, Maria Gallippi, modified them for use in the hospital setting. This process, implemented in 1982, became the basis for the system of planning used at Baycrest.

## The HRP Process

### Determining Supply

When Zimmerman began to implement the human resource planning process, she faced a formidable task of determining who and what skills were actually available at the hospital. Before 1982, the whole Centre had

very little in place to assist in identifying the supply of human resources. Budget reports provided information on positions, titles, hours allocated, and budgeted costs, but these documents were primarily intended for budget control and cost comparison and did not reflect planning needs. They did not show whether positions were filled, nor did they include information on individuals' performance levels, career desires, skills — or even names.

The first thing Zimmerman did was to gather up all the existing job descriptions. Simultaneously she had all the managers fill out a form indicating their current staffing by duties, positions, and hours worked. (See Exhibit 1, on page 17, for a copy of this form.) It provided information on the numbers of staff members in each service as well as on their current duties. Existing job descriptions were then updated, and new ones written.

The next step was to ensure that the Human Resource Department knew about the internal supply of people to fill positions. That could happen only if current employees were informed about job availability — a move that was particularly essential because of the plans to enlarge the staff. Getting this information into circulation had two complications: 1) much of a hospital's staff is, of necessity, divided into round-the-clock shifts, and 2) the plans were not simply for "more of the same" but called for a variety of new positions and skills not previously needed.

Baycrest's solution was to develop several 24-hour job fairs, which provided staff members on all shifts with information about the new hospital and its programs and offered them an opportunity to indicate interest in positions other than those they held. To do this, they were asked to complete a skills inventory, which included information on education, training, skills, abilities, and experience in previous jobs, as well as a section on career interests (see Exhibit 2, on page 18).

The information culled from these skills inventories was used to determine the types of supply Baycrest had at the time and the types it had the potential to have in the future. The documentation of an employee's skills also provided an opportunity for the individual to match his or her skills with those required for new positions and to map out a personal action plan for training. It is worth noting that quantified information on the performance of Baycrest employees was — and still is — virtually nonexistent. For obvious reasons, developing objective measures for quality of care, especially in a chronic-care situation, is extremely difficult. Therefore, the internal supply is mainly determined by education and skill level; seniority comes into play for unionized positions when all other things are equal.

Determining external supply was also important, particularly since the hospital was planning to enlarge its staff. Baycrest initiated contacts with local colleges, universities, and medical/nursing associations and invited interested people to job fairs. This way management had an opportunity of spotting potential problems in filling positions in the new hospital, and, if necessary, it could decide in advance on alternative measures, such as developing internal training programs or importing the skill from outside the community.

### Determining Demand

To a large degree, the demand for human resources at any Ontario hospital is set by Ministry of Health's pronouncements on budgets and programs. These two factors establish limits, up and down, on the types of resources needed and the numbers to be allocated. However, these limits have not deterred Baycrest from engaging in HRP or from benefiting from it. In fact, in planning for the new hospital, department heads were encouraged to set aside information on budget restrictions. The managers were thus able to calculate their needs considering only the quality of care they wanted to provide in each program.

The process of determining demand began with having the department heads and program directors develop some measures for work load and productivity levels, taking into account such things as current duties performed, number of beds serviced, and any space constraints to be considered in the new hospital. They were then asked to determine the kind and quality of service their departments would be providing under the new organization. Using these measures of productivity and anticipated work load, the managers made simple arithmetic projections of what they would need. (This information was calculated on the form shown in Exhibit 3, on page 19.) Making these projections gave the managers an opportunity to assess their actual needs and to provide justification for them. It also enabled them to note the introduction of new methods or equipment that could achieve increased productivity.

The planning department then analysed the data provided by all the managers. In several cases, a manager had indicated needs that did not require a full-time employee for that department. The Human Resources Department, however, having complete information on the needs of the entire new hospital, was able to integrate the planning and ensure the effective utilization of staff by combining positions across departmental lines. While the planners were doing this, it also became clear to them how departments could best be structured for the most effective use of resources.

Taking the managers' projections of each department's staffing needs and the planners' own estimates of interdepartmental positions, the Human Resources Department recalculated demand with allowances for attrition (based on such factors as the demographics of the staff and historical turnover rates) and absenteeism (based on historical rates and employee vacation benefits). The numbers and types of positions needed were then translated into dollars by using the salary schedules in the union contracts and Ministry of Health guidelines for nonunion jobs. Finally the budget was presented to the Ministry for approval.

Not surprisingly, the budget the Ministry granted was less than requested. Some department heads had to go back to the drawing board. The previous work, however, enabled them to priorize their needs. Some were able to redistribute hours and thus to reduce the number of positions required, meeting the budget restrictions. In other cases, the hospital was able to go back to the Ministry and have the budget changed on the basis of well-documented human resource plans and program needs.

### Action Planning

Since the major objective of implementing HRP at Baycrest was to staff the new hospital effectively, action plans were developed for training, for

recruiting, and for reorganizing departments to accommodate the increase in the number of beds and programs.

When the new hospital was being planned, one of the first things done was to develop an organizational structure around which staffing could be planned. As part of the process, the structure of the existing organization was assessed for its effectiveness under the new strategic objectives. This assessment led to a restructuring and clarification of current job duties and reporting relationships.

This process clearly helped in the writing of the new job descriptions that were available at the job fairs to anyone interested in the positions. Each description provided information not only on the duties of the job but also on the required training and/or experience. It was left to the initiative of the individual to indicate his or her interest in the position and to seek out information on where to obtain the requisite training. (The hospital provides management training, but skill-training is available only through external institutions. At present the training budget is 0.5 per cent of the organization's total budget, or approximately $200 per year per FTE employee.)

Once the current staff had completed their skills inventories and indicated the positions they were interested in and willing to seek training for, managers were able to determine the gaps in the new organizational structure. Because every job had to be posted internally, no decisions could be made until the current employees had had a chance to apply for them. The information from the skills inventory did, however, permit the planners to determine the areas where there was little or no potential internal supply and so to organize external recruiting activities.

Because the planners had started far in advance, they were able to develop schedules for recruitment that indicated the type of individual required, when the individual should be hired, when the posting should go up, whether or not an advertisement was needed, and when interviewing should begin. (For an example, see Exhibit 4, on page 20.) These schedules provided the personnel representatives with all the information they needed to recruit effectively.

Of the current staff who applied for the positions, those who were qualified received the jobs. Some individuals who were not selected for lateral or promotional jobs filed grievances. The planning process, however, had provided documented information to establish that the grievors had had adequate opportunity to prepare themselves for the jobs in question.

## Results and Benefits of HRP

The most striking result of Baycrest's HRP system was the smooth transition into the new hospital. Wards were opened and programs started with the right people in place at the right time. Moreover, Baycrest's management deems that the presence of an HRP program has contributed to an increase in productivity, a decrease in turnover, an increase in morale, an increase in efficiency, an overall improvement in communications, and an increased ability to cope with budget constraints.

An increase in productivity is clear in that the hospital has been able to service more patients (the number of beds doubled) in more ways (the number of programs increased from two to six) with only a 35 per cent rise in staff. This improvement came from having a better qualified staff, clarifying the job duties and restructuring some of them, sharing clerical and

support services between departments, and developing a matrix structure within the organization.

The potential anxiety of the move was dissipated by the open-door policy on information and by employees' awareness that management was planning for the changes in a thorough manner. Today turnover has decreased and morale increased with the presence of promotional opportunities and the knowledge that management is interested in knowing about the aspirations and plans of the staff. Also, the existence of accurate job descriptions has helped employees to know what is expected of them.

The restructuring and clarification of job duties and reporting relationships have led to an overall increase in efficiency. Before HRP was put in place, there had been considerable duplication of duties across some departments, while others were not large enough to justify having staff in some areas. When HRP was implemented, efficiency was a concern. Thus departments started looking at ways of running the organization in a holistic manner. Some smaller departments saw the need to combine their resources, and some interreiated departments recognized the benefits of a matrix management structure.

An overall increase in communications has been a natural result of the planning. Through the management meetings and the 24-hour job fairs, everyone had an opportunity to know what was being planned and when it was going to happen.

HRP has also forced the department heads to priorize the services they want to deliver and has helped them to realize that budgeting constraints may not be as restrictive as they initially thought. Moreover, the process generated documentation that in some cases permitted the board to go back to the Ministry of Health and justify budget increases.

## HRP in the Future

Human resource planning will continue and develop within Baycrest Hospital. Baycrest Centre is in the process of obtaining a payroll/human resource information system that will integrate payroll and human resource data in one base. This centralization will allow managers to be more effective in career and succession planning and in monitoring absenteeism, determining human resource costs in terms of wages, benefits, and staff numbers, and developing productivity measures.

HRP plans specifically for the hospital include enriching job content, especially in areas where lack of promotional opportunities may occur. Task forces will be established to develop new programs headed by team leaders who are in training for supervisory roles. Also to be addressed are issues of employment equity and affirmative action.

Management also hopes to increase its influence on the availability of appropriate supply in the external market. HRP is helping planners to identify the skills needed to run effective programs in a geriatric hospital. With this information, Baycrest representatives can approach colleges and universities to explain career potentials in such a field, to influence the development of courses, and to offer the hospital as a place for completing the practical part of students' training.

Finally, human resource planning is seen as such a success at the hospital that plans are under way to implement it in the other components of the Centre. The hospital also hopes that its successful implementation of HRP can serve as a model for other employers in the service sector.

# E X H I B I T S

**EXHIBIT 1**
## Determining Supply

Baycrest Hospital
Schedule 1 Current Service
Program or Dept_____

Page ____ of ____ this Schedule
Year ending _____ 19__

| Service Output | | | Manpower Input | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| What is this year's output of this service? | | | 4 What types of occupations do you require for this service? | Employment by occupation for this service | | | Manpower Requirements Indicators (MPRI) by occupation | | |
| 1 | 2 | 3 | | 5 FTE | 6 Reg Hours | 7 Total Hours | 8 | 9 or | 10 or |
| | | | | | | | | | |
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Instructions:

1, 2, 3) List output indicators (i.e., # of beds, patients served, tests completed)
4 List each position (i.e., RN, Supervisor, Aide, Technician)
5 List current FTE regular staff for each position
6 List reg hours for position
7 Total hours (5 X 6)
8, 9, 10) Column 5 or 7 divided by Column 1 or Column 2 or Column 3

**EXHIBIT 2**
## A Tool for Determining Supply

**Baycrest Hospital**
Schedule 11 Employee Skills Inventory

Name _____
Department _____

| Education | | | | | List any skills, abilities, certificates, licences, trades, etc. that you have acquired but which are not noted previously |
|---|---|---|---|---|---|
| | Number of years completed and degree received | Program | Subjects most proficient in | Subjects best liked | |
| High School | | | | | |
| Community College | | | | | |
| University | | | | | |

| Work Experience | | | | |
|---|---|---|---|---|
| | Position title and employer | Skills, abilities, attributes required | How long did you hold this job? | What are your current career interests? |
| Current position | | | | |
| 1st previous position | | | | |
| 2nd previous position | | | | |

New Hospital Placements: Please state your first and second choice for placement in the New Hospital with respect to staff position (Head Nurse, R.N., etc.) and area of preference (Chronic Care, Concentrated Care, Psychiatrist, Rehabilitation, Day Hospital, Behavioural Neurology, Clinics)

1. Staff Position _____ Patient Care Area _____
2. Staff Position _____ Patient Care Area _____

The information in this questionnaire will help Baycrest's efforts to improve the utilization of its human resources and to plan its training and development activities.

**EXHIBIT 3**
## Determining Demand

Baycrest Hospital

Schedule 2 Planned Service

Program or Dept _____

Page _____ of _____ this schedule

For the planning period:
from _____ 19 ___
to _____ 19 ___

| Plans | | | | | Manpower Requirements (MPR) | | |
|---|---|---|---|---|---|---|---|
| What is your planned output of this service for the planning period? | | | 4 What types of occupations will you require for this service? | 5 MPRI by occupation from Schedule 1 | 6 MPR by occupation, effect of change in output only | 7 What will be the effect on MPR by occupation of the introduction of new work processes or equipment? | 8 Effect on MPR |
| 1 | 2 | 3 | | | | | |
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Instructions:

1, 2, 3) List output indicators (i.e. # of beds, patients).
4 List each position
5 From col 8, 9, or 10 of Schedule 1
6 5 X 1 or 2 or 3
7 List planned changes
8 By how much do you estimate this planned change will increase or decrease MPR
9 6 + or - 8

**EXHIBIT 4**
## Action Planning

Baycrest Hospital

**Recruitment Plan**

| Position (Title and how many) | Hire Date | Job Description Exists? | Posting (Date) | Advertisement Needed? Where? | Interviewing Date (s) |
|---|---|---|---|---|---|
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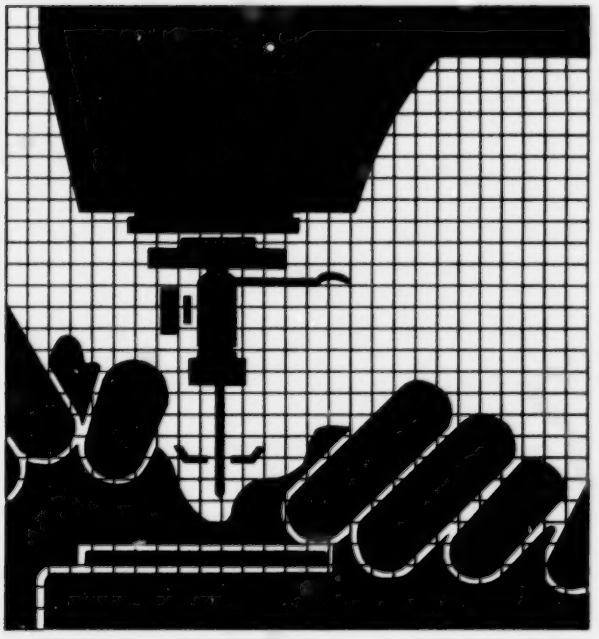
# C O R A H  L I M I T E D

***We are not philanthropists; we are doing it [HRP] because of common sense.***

***If you don't manage people, you don't manage anything.***

**Bob McGowan**
Manager, Finance and
Administration



## Highlights of Study

- textile industry
- 308 employees, 85% unionized
- short (6-month) planning cycle
- union involved in planning
- informal, no-paperwork HRP instituted in 1984
- results of HRP: 50% reduction in overtime; productivity increase of 9% over last two years

## History of the Organization

Corah Limited, a garment manufacturer, is a British organization whose client base includes the Marks and Spencer chain. When that retailer entered the Canadian market in the early 1970s, some of its suppliers, including Corah, believed that it would be a good strategic move to follow their client to Canada.

Corah is a diversified manufacturer producing a wide range of garments: children's wear, sports and leisure wear, lingerie, men's wear, underwear, and women's fashions. In 1974 it opened, in Barrie, Ontario, what is still its only plant outside Europe – a 78,000 square foot "cut, make, and trim" unit (that is, it purchases the fabrics and produces a finished product).

Despite Corah's British base, its Barrie operation is fairly autonomous and, for our purposes, can be considered a Canadian organization. The fabrics used are 95 per cent domestic and its market is North American, as indicated by its current client base – the T. Eaton Company, Sears Canada, Pennington's Large Size Shops, and Adidas (Canada), as well as Marks and Spencer. A few years ago the company also created its own design centre, whose products carry the Corah label.

The plant workers, approximately 85 per cent of the total staff, were unionized in 1975. Since certification of the Amalgamated Clothing and Textile Workers Union local, the relationship between management and union has been co-operative, as evidenced by the latter's involvement in the planning of the plant's operations and in the assessment of individual employees' performance and salary reviews, as well as by the fact that management has received only 12 grievances in 11 years.

During Corah's 11 years in Canada, the firm's sales have generally increased every year, growing from $2.6 million in 1975 to $11 million in 1985. During the same period, its staff has doubled.

## Structure of the Organization

Corah is a labour-intensive organization currently employing 308 individuals. Of these, 254 are sewing machine operators (all of them women), and 54 are "indirects" (people who do not directly produce the product), including managers, designers, and general administrative and maintenance staff.

The organization is divided into two basic departments, Outer-Wear and Under-Wear, each broken into men's, ladies', boys', and girls' sections. A manager heads each department, and a supervisor runs each section. Corah also has a few one- or two-person departments, such as Finance and Administration, Marketing, Sales, and Personnel, plus the Design Centre, which presently employs four designers.

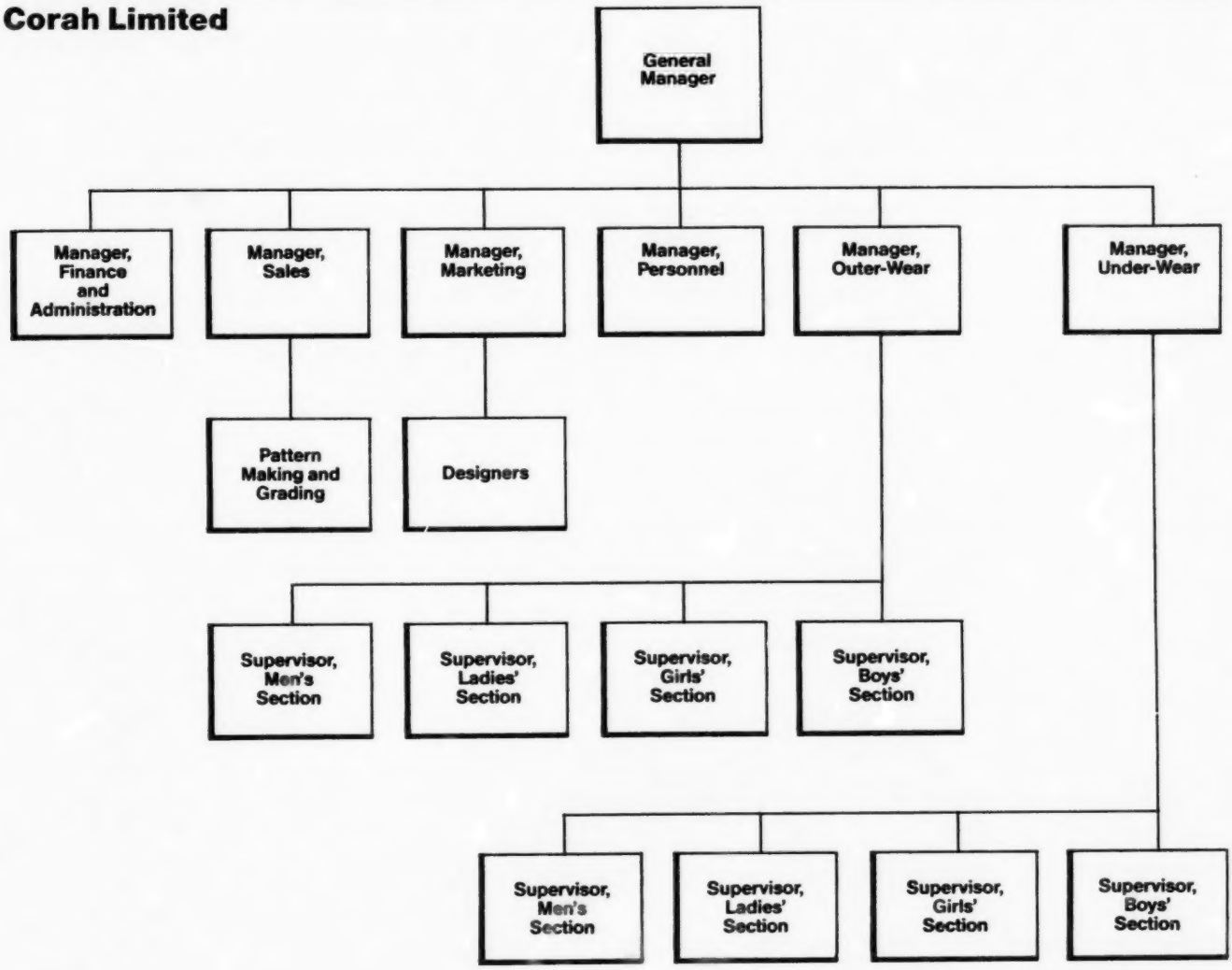
No formal organizational chart is available, but if one were developed, it would approximate the structure diagrammed on the next page.

## History of HRP

When Anthony E. Torr came from the Corah factory in Oakham, England to run the Barrie plant as its general manager, he brought with him a great deal of experience in an operator-driven factory. In such an organization, the amount and quality of the end product determine viability, so he understood that care of human resources is necessary for the firm to be effective, efficient, and competitive.

# ORGANIZATIONAL CHART

**Corah Limited**



Thus, in some ways one can say that Corah's senior managers have believed in the importance of human resource planning since the Barrie plant opened. Nevertheless, they only recently realized the importance of having a systematic process of planning for human resources. For many years, information existed about such things as productivity and staff levels, but the management group never quite recognized it as something to consider or document when planning for the future.

The realization came in 1984, when insufficient orders forced Corah to lay off some employees. Since these employees happened to be all the people then in training, Corah had lost all its back-up to skilled positions. At that point, Torr, Bob McGowan, the manager of finance and administration, and Vi Gainor, the personnel manager, felt that something had to be done about planning more effectively; they did not want the organization to be placed in a situation in which an immediate need for trained staff was not met by the internal supply.

They began to look at the historical data on annual sales, productivity levels, and staff levels. What they saw was a more-or-less continual increase in sales but peaks and dips in staff and productivity. They concluded that if these fluctuations were levelled off, higher productivity would result in greater increases in sales; additionally, salary and training costs would decrease because recruiting, scheduling, and training could be better organized by relating them more effectively to production needs.

At the same time Torr was considering the need for a HRP process, the firm was putting in place a computerized work-handling system that moves garments from one station to another along a trestle. A primary purpose is to enable an operator to stay at her station without having to waste time gathering pieces of a garment out of bins. The system also has the capacity to move the work between operators of comparable levels of productivity so that one is not slowed down by another preceding her on the line. This desirability of matching operators provided further reason for the implementation of HRP; in order for the system to run efficiently, the supervisors and managers had to know the performance and productivity levels of their staff.

Two factors that might have appeared to be constraints on HRP turned out to be more help than hindrance. One was the firm's informal style of management. Its approach to all operational planning is unceremonious. The managers feel that with formalization comes regimentation, and the nature of Corah's business and the environment in which it must survive does not cater to that style. Accordingly, Torr and Gainor set up Corah's HRP without charts or forms or complex mathematical calculations and projections. The only paperwork they used was documentation of individual production (which is also used in the determination of wages and bonuses explained below).

Another potential problem was Corah's short planning cycle. Because its products change drastically with fashions and customer needs between the spring and autumn seasons, forecasting can be done only for six-month periods. This short cycle did not, however, deter the implementation of planning. Rather, it enhanced consciousness of the need to plan. The managers were all too aware of a past tendency to wait to react, which had cost considerable salary dollars in overtime (in attempts to complete lines of clothes) and which had sometimes caused Corah to lose orders

altogether (because it did not have the operators appropriate to producing a particular line).

Organizations on the more common three- to five-year planning cycle generally review and update their human resource plans quarterly. Corah has compressed this process to weekly reviews and updates. All operational planning is discussed at weekly meetings, which are attended by the firm's five executives: the general manager, the manager of finance and administration, the marketing manager, the sales manager, and the manager of personnel.

Since the institution of HRP, the personnel manager assimilates the existing information on performance, productivity levels, absenteeism, turnover, and changes in staff levels and presents it at the weekly meetings, where any trends are discussed. At present, the managers are concentrating on the productivity level, which they are concerned about keeping as high as possible. They are also starting to look at improving individual performances, ensuring that the appropriate skills are being utilized effectively, and attempting to decrease absenteeism.

In addition to these weekly executive meetings, Corah has biweekly section meetings. At each, a committee comprising the union president, the manager of personnel, the staff manager, and the employees' supervisor discuss employees' efficiency level, skills level, and quality of work in order to determine 1) performance levels as they relate to wages, and 2) information on the internal supply.

## HRP Process

### Determining Supply

Corah's informal approach to planning is exemplified in the way it determines supply. The only data actually documented are the number of employees, their positions, and their levels of production. Information on an individual's skills is not documented, but it is known by the line supervisor. Each supervisor has 10 to 50 subordinates; she has many opportunities to work with each and become familiar with her general skills as a sewing machine operator and her strengths and weaknesses in working with Corah's machinery.

When a job is vacant, it is posted. The supervisors are then asked to assess the potential performance of candidates. The close working relationship of supervisor and subordinates, plus the way the graded wage system flags skill levels, enables the supervisors to identify the applicants who have potential for performing the posted job and to judge the level of productivity each could attain. Once the managers identify the qualified candidates, the final decision is based on seniority. If additional training is needed, Corah provides internal or external training courses. Corah trains 90 per cent of its factory staff in-house, giving a new employee as much as 12 weeks' instruction before allowing her to join the production team.

### Determining Demand

The demand for human resources at Corah is based strictly on a six-month sales projection, which is prepared by the sales manager and presented to the executive group at its weekly meetings. The managers take these figures and translate them into the number of people and type of skills needed to produce the garments required.

From experience of what is needed to produce a particular type of

garment, the line managers can indicate the skills that are needed. From information on average production rates, which is gathered from weekly production reports, the managers and supervisors can determine the number of operators needed. (Because a section's average production figures reflect attrition and absenteeism, these factors are already reflected in the calculations. Thus the managers need take no separate account of them when determining the demand for human resources.)

**Action Planning**

Since Corah's success depends on the productivity of its human resources, Torr decided to emphasize making the internal supply as good as possible. Once he knew that the skills and performance level of current employees were what they should be, he could feel confident about going to the external market to meet any imbalance in demand. So he started to look at the organization with a critical eye.

When he began to assess the supply from the point of view of availability to produce, he noticed a high level of absenteeism. When he looked at the supply from the point of view of incentive to produce, he realized that the current wage system did not offer individuals performing similar skills an opportunity to be rewarded for producing more or better quality work. When he looked at the supply from the point of view of ability to produce to capacity, he noticed that some operators had a pile-up of work while others were waiting for garments. When he looked at the organizational structure from the point of view of how effectively corporate objectives were being met, he saw duplication of duties and responsibilities and a limited span of control for some managers. If these problems could be resolved, Torr believed, the productivity of the plant would increase with a concurrent increase in sales and decrease in costs.

Accordingly, he set about implementing some action plans. Corah already had a graded wage scale, with the steps determined by a combination of efficiency level, skill level, and quality of work. Now, to provide more incentive to produce at individuals' capacity, management introduced, in co-operation with the union, a bonus system whereby an employee can increase her wage before achieving the next level of the schedule. As she moves between operative grades, she can receive a bonus for increased productivity.

This bonus system also offered a way to address the high level of absenteeism. If voluntary absenteeism reduces an employee's 40-hour work week, she becomes ineligible for a bonus. In addition, Torr tried to evoke a responsible and concerned attitude about absenteeism on the part of the employees. He posted notices showing the number of employees present and offered incentives for those sections with the best attendance.

The line supervisors also felt that productivity would be increased if the lines could match operators of similar capacity. They had noticed that a "star" operator became bored and lacked motivation to work quickly if she did not see the work coming down the line at her own speed, and that a "B" operator felt pressured and tended to produce poor-quality garments when work built up at her station. Moving work along employees of comparable skills would alleviate these dangers of boredom and pressure. That an operator would not want to be the cause of a slowdown for her peers along the line would give a further incentive to produce. Matching comparable operators also provided an answer to the problem of ability to work

effectively. The new work-handling system was, therefore, programmed to move the work among comparable operators.

The implementation of the work-handling system initially caused some apprehension among the operators since they viewed it as a potential monitoring system. However, when they were shown that it would allow them to earn more minutes of production (the remuneration is based on the minutes used to complete an operation — for example, inserting a zipper), they realized that the system offered them opportunities to bring home more money. And the union favoured it for, as the collective agreement says, it is willing to "support any move [by the company] that leads to increased efficiency, higher productivity and the reduction of unit costs providing that such arrangements are rewarding to the employees and do not impose undue strain upon them".

In addition to these changes aimed specifically at line workers, Torr also began reorganizing the managers' responsibilities. When all the information had been culled to begin the planning process, he recognized that the organizational structure was not compatible with the firm's objective of meeting sales projections in that the responsibility for certain areas of achievement fell to managers who did not have full control over the completion of a project. Torr did some reorganizing so that now managers are able to follow through on projects without having to receive guidance or approval from more than one area.

Now that all these innovations are in place at Corah, they are continually monitored to ensure that the objectives are being met. When management matches the demand for and supply of human resources, any gaps are addressed by looking at how the current staff can be improved (say, by training) or better utilized before considering external hiring. If the calculation shows a surplus, the first move is to try to fill a gap elsewhere in the organization; only if this proves impossible are excess staff let go. Seniority prevails in layoff, but it is determined in three stages; first it is looked at departmentally, then by section, and finally across the whole firm.

## Results and Benefits of HRP

The HRP process used at Corah is not formal in the sense of utilizing forms and charts to document the firm's demand for and supply of human resources. Rather, what Torr has initiated is a change in attitude and in the use of information. Sales projections and data on productivity levels, trends in attrition and absenteeism, and employees' skills, abilities, and performance had been available at Corah for years. Now managers are using them to plan their people needs more effectively.

With only two years of HRP under their belts, the managers feel they can see some quantifiable results directly attributable to human resource planning. Major cost savings have occurred in two areas. One is overtime costs. Before the institution of HRP, meeting orders often meant putting employees on overtime. Since the managers have started to refer to the planning information provided by the personnel manager, they have been able to schedule the work more effectively and thus to reduce the overtime hours by 50 per cent, with a concurrent cost reduction.

The other area of cost savings has been in the training dollars. In early 1984, when employees were hired without assessing actual need, money was spent on training individuals who were subsequently laid off; later in the year, when the need actually occurred, more employees had to be recruited and trained. More recently, the managers, by relating their human

resource planning to sales projections, have been able to determine the skills and production levels needed to meet their objectives. With this information, they are better able to schedule training so that individuals will be productive when needed.

Moreover, in the last year, Torr has noticed a levelling off of the dips and peaks in staff levels. Presumably, the managers are now planning for their departments' growth in a more conscientious manner.

Another area of improvement at least partially attributable to the implementation of HRP is an increase in productivity – 8 to 9 per cent over the last two years. Some of this rise has come from the way the work-handling system saves the operators time by permitting them to get garments without leaving their work stations. It has also come in large part, however, from supervisors' knowing who performs what skill at what level and being able to match compatible operators along the line. The system works efficiently, without a build up or lag at any one station, and operators can be used to their potential; thus sections can be run at their optimal production level.

Another factor contributing to the increase in productivity is the increase in the operators' motivation to produce. With the addition of bonuses, the graded wage system provides them with tangible recognition of their abilities and contributions to the organization. Matching operators of comparable performance levels allows each woman to work at a speed and level comfortable for her, reducing both pressure and boredom.

Another positive result of the implementation of human resource planning has been the restructuring of the management group. With accountability for a project now falling in only one area, the managers have better control over the actions taken to meet their goals.

An additional general benefit of "people planning" is continued goodwill from the union. In trying to achieve optimum efficiency, Corah's managers have recognized the human element of their resources and shown concern for their needs. This attitude has increased the general feeling of well-being around the plant.

## HRP in the Future

The space in the Barrie plant is underutilized, so Torr sees some expansion and increase of output as a goal for the future. To achieve this expansion, management feels it needs more formal, documented information on the productivity, efficiency, and skills of the operators. In the fall of 1986, Corah was purchasing a software package that will enable its computer to record what is produced by whom and how long the operator takes to complete the job. It will then calculate and summarize on a bar chart the productivity of each operator.

The system also has the capacity to record the operators' specific skills as they are put to use. This data will provide information on what types of skill are being used on the floor, how effectively they are being used, and how one operator's performance of a skill compares to another's. Having such a record will help managers project what items the plant could produce with the type of human resources it currently has and also which operators need what training to upgrade current skills. The managers and supervisors will also be able to use the information in the everyday planning of their departments and sections since it will help them to see what skills and how many operators are needed to achieve production objectives.

Management recognizes that the employees may be apprehensive about the implementation of such a system, as they were when the work-handling system was introduced. With so much documented information on each employee's productivity available, an operator may fear that action might be taken if her production is not as good as another's. To alleviate such apprehension, management is again working closely with the union on the system's implementation. The president of the local has indicated that she sees the new system as speeding the payment of bonuses (in recording individuals' productivity, the computer will automatically calculate when an employee is eligible for a bonus).

The union president also realizes an employee can use her personal data to establish her own production objectives. Such personal action plans would encourage progressive salary increases, as the graded wage system is based on individual levels of performance. Also, documenting an employee's skills will have a side-effect that could be helpful to individuals: supervisors or managers who are not personally familiar with an employee's performance will have access to the information when planning for new jobs.

A further benefit of this new system will be that it can forecast the capacity of the overall plant by projecting the production of each operator. It will also project what production could be if the plant was effectively utilized. This information can then provide goals for the sales staff.

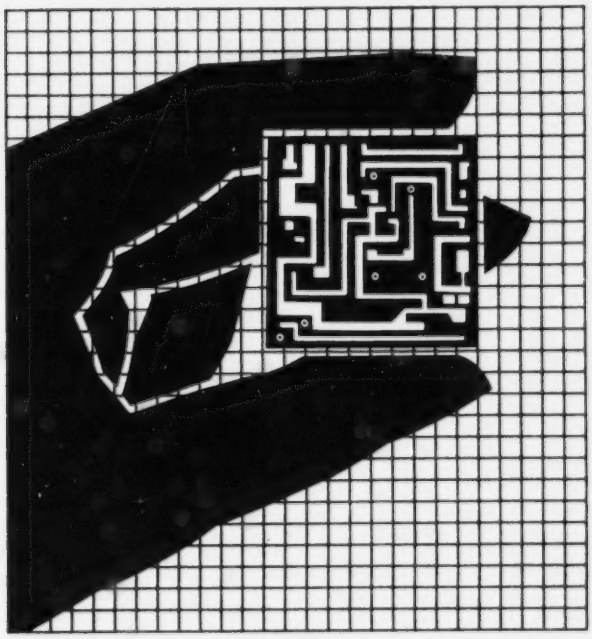
# LINEAR TECHNOLOGY INCORPORATED

***A crucial ingredient to the success of LTI is recruitment; without the right people, in the right place, at the right time, we will eventually go out of business.***

**H. D. Barber**
President and Chief
Executive Officer

***A frequent reason for the failure of long-range business plans is the lack of a plan for people intake and people movements in-house.***

**John Griffiths**
Manager, Human
Resources



## Highlights of Study

- high-tech company; holds 65% of world market in audio amplifiers for hearing aids
- 180 employees; 43% are professional and technical personnel
- nonunionized
- formal human resource planning process, implemented since 1984
- results of HRP: an increase in efficiency, a decrease in recruiting costs, and a greater lead time to prepare for anticipated changes

## History of the Organization

In 1973, W. A. Pieczonka, H. D. Barber, and R. G. Simpson, senior managers with a large electronics manufacturer, recognized a need in the marketplace for a firm to manufacture fully integrated circuits for the producers of higher-level electronic products and systems. They combined their resources and formed Linear Technology Incorporated (LTI), a high-technology company that today designs, manufactures, and markets miniature integrated circuits, which are often referred to as silicon chips.

Since its inception, LTI has never experienced a nongrowth period. It did hit something of a plateau between 1981 and 1982 (when the world market in the semiconductors had a downturn), but overall its growth has been continual, with its sales rising in 12 years from $2,000,000 to more than $13,000,000. LTI is continually expanding into new areas and making its name known in new markets. It currently holds a 65 per cent share of the world market in audio amplifiers for the hearing-aid industry, and it plans to expand its special-application products and to develop products intended for radio-frequency applications.

With this growth in sales, markets, and products, LTI has had a concurrent increase in staff levels. The organization opened its doors with 40 staff members; that number more than doubled in eight years and then doubled again over the last four.

## Structure of the Organization

LTI currently employs 180 people. Of these, 43 per cent are professional and technical personnel (scientists, engineers, and technicians); the remainder are highly skilled administrative personnel and production operators.

The firm is organized into three areas: silicon operations, assembly operations, and marketing and product development. Overall, 47 per cent of the staff are in manufacturing, 23 per cent are in research and development, 11 per cent are in marketing and sales, and 19 per cent are involved in administrative and support activities. (The organization chart is presented on the next page.)

## History of HRP

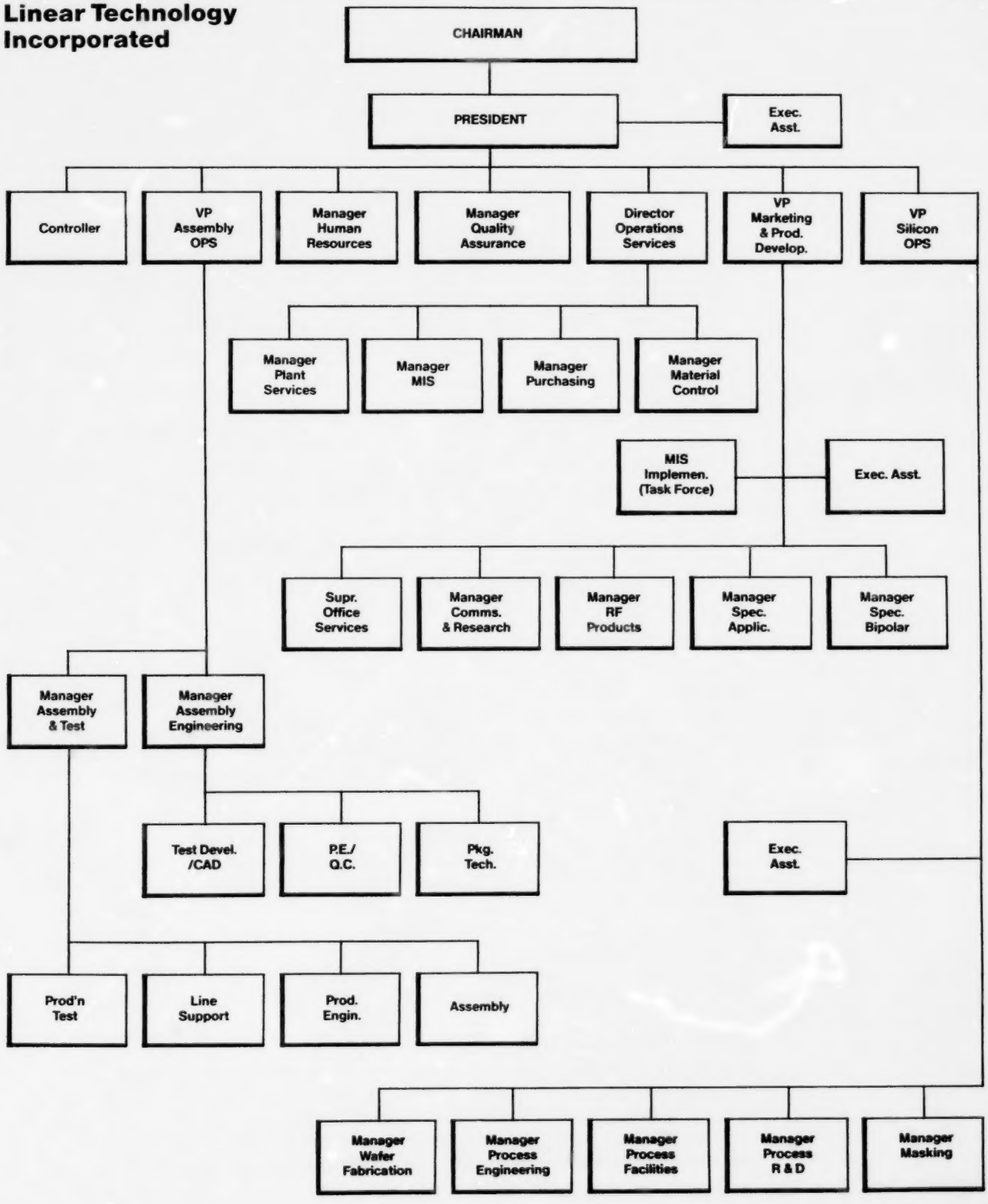
Linear Tech's philosophy is highlighted in its mission statement, "Excellence through People and Technology". The company's principals believe that it is people who develop and apply technology, it is people who manage resources, and it is people working together who generate income. This philosophy, however, was not translated into a system of actually planning for human resources until about two years ago. At that time, the organization had been viable for 11 years, had some 100 employees, and was continuing to grow. John Griffiths, the manager of human resources, recognized a need for some form of structure to ensure that all levels of staff made effective use of time in order to contribute to the growth of the organization.

Griffiths began to develop a systematic process. From past experience in planning for human resources at other organizations and from courses he had taken and literature he had gathered on HRP, he was able to create a series of forms and charts for the company. By analysing the historical performance (that is, productivity) of individuals and of departments, given the growth level of the organization, and by assessing the operations of other firms in the industry, he developed guidelines for determining the numbers of people needed and their relevant costs.

Although the principals of LTI had established the company with a commitment to its employees, Griffiths realized that he needed to obtain endorsement of his planned program from the three men. Only then would

# ORGANIZATIONAL CHART

**Linear Technology Incorporated**



the organization as a whole accept the importance of human resource planning.

Griffiths worked out how to incorporate the program into the firm's overall formal planning process, which already included strategic planning, budget planning, and sales forecasting. The plans for all these areas are discussed with the management group monthly during the planning cycle (May to November). Having received full support from the three principals, Griffiths made a presentation to the group on the need to include human resource planning in their planning agenda.

Although the managers recognized the need to plan and in principle accepted the proposed process, many of them (as managers are prone to do) put up some resistance to additional paper processing. They could see no immediate return on the time spent. Griffiths was not concerned. As the saying goes, "the proof of the pudding is in the eating", and he knew that the results would be recognized only after some time.

## HRP Process

### Determining Supply

The system Griffiths developed for Linear Tech includes a variety of means to help managers determine how many and what type of employees they have. It begins with use of a performance appraisal system that is a form of management by objectives (MBO). The employee and his or her manager jointly establish responsibilities, objectives, and indicators for performance. The employee is then assessed on how he or she meets these individual action plans and objectives. (For greater detail on how the system works and the ratings are determined, see Exhibit 1, on pages 38 and 39.)

An individual's performance appraisal garners data on the quality of his or her performance as well as on the quantity of work performed. This form also asks for information about the employee's abilities and attitudes, such as organizational abilities, conceptual abilities, commitment, and drive — information that is necessary in determining whether an organization's goals can be met with its current supply of human resources.

For easy reference on what the future internal supply is like, Griffiths also developed a chart (see Exhibit 2, on page 40) for summarizing information on employees' skills, performance, and potential movement. Since the form shows what type and how much training an individual requires, it can also be used to determine the training budget.

Also helpful in providing the right person at the right time at LTI is a form that shows the training plan for individual employees (see Exhibit 3, on page 41). In addition, Griffiths designed a succession plan form (see Exhibit 4, on page 42) to provide information for key senior positions.

With all this information, managers can see the LTI internal supply for future growth. This information is summarized on the supply side of a demand/supply matching chart (Exhibit 5, on page 43).

### Determining Demand

During the planning cycle, the LTI managers take the strategic plan and the sales forecast and translate this information into the human resources and the budget needed to staff their departments.

To help the managers determine the numbers and types of human resources needed, Griffiths developed staffing and training guidelines

based on LTI's own experience and trends.

The staffing indicators are:

- The staff level grows at half the growth rate of sales.
- Twenty per cent of the work force should be in management or supervisory positions. (This provides the most manageable span of control).
- For every five supervisors/managers in a department, there should be one extra person being prepared for a managerial/supervisory position.
- The cost of recruitment is $300 per person for nonprofessional/technical positions and $3000 per person for professional/technical positions if candidates are to be attracted by media advertising. For every five professional technical people recruited by a search company, the cost should not exceed $10,000.

The training indicators are:

- For every five supervisors/managers in a department, there should be an individual in management training.
- The training costs should be no more than 2 per cent of a department's payroll.
- At least 0.75 per cent of training budget should be for management training.
- The total internal and external training allowed per department should average five days per employee per year.

From these calculations (which are done on the demand part of the form shown in Exhibit 5, on page 43), the managers can now work out their budgets for salaries, recruitment, and training. Having done their supply forms, they also know what type of training must be provided, to whom, and in what quantity.

When the demand calculations are complete, the manager of human resources culls the information from all departments and matches it with the supply data to see the total picture of the firm's shortfall or surplus for each kind of position (shown in the last column of Exhibit 5, on page 43).

**Action Planning**

Although the matching of the demand for and the supply of labour can theoretically reveal gaps *or* surpluses that need to be corrected, Linear Tech has never really had a surplus of staff, in either type or number. With its continual growth in sales, there have always been opportunities for internal movement and the entrance of new blood. Thus, LTI's action plans, more often than not, involve recruiting individuals into entry-level positions and developing or training existing personnel to prepare them for lateral movements or promotions. The firm's philosophy — "movement from within first" plus the nature of the business has encouraged it to spend a lot of time and money on training; the training budget averages 2 per cent of the payroll budget. Nevertheless, before the existence of HRP, LTI was very reactive in meeting its human resources needs. Despite the emphasis on

training, there was no formal plan specifying who, what, when, where, and how. Often this reactive approach required the provision of last-minute training or recruitment at levels that warranted premium salaries. Such an approach was expensive. When used for replacement, it also had poor effects on morale; external recruiting for positions on which individuals had their sights for growth appeared to block movement in the near future.

The introduction of a human resource plan has allowed movements into, through, and out of the organization to be foreseen, planned for, and responded to more effectively, efficiently, and thoughtfully. It has given the Human Resource Department the opportunity to develop a schedule for recruiting and training (see Exhibit 6, on page 44).

## Results and Benefits of HRP

John Griffiths is sure that the presence of a human resource plan in Linear Tech has increased efficiency in the running of the organization. Since the plan has been implemented for only two years, he indicates, most of its results cannot yet be quantified, but he is convinced that it has quickened the response to any needs that arise; there is now lead time to prepare for anticipated changes. Moreover, he says, the Human Resources Department, consisting only of himself and an assistant, can provide better service to the organization.

One result that can be quantified over time — and that Griffiths expects to become a real selling feature of the program — has been a decrease in recruiting costs. With added lead time, the Human Resources Department has been able to recruit over a longer period of time and has not had to pay premium agency fees or premium salaries. Also, there has been time planned for training. Thus current employees can be prepared for promotion, and most of the external recruiting need be only for entry-level positions.

A few LTI managers are still resisting the extra paper flow generated by HRP, but the formal program has raised the visibility of planning for human resources and is causing most managers to realize its importance. They recognize that they are no longer placed in a reactive mode with its high stress levels and realize the benefits of identifying potential talent early. Employees also seem to appreciate the system since they are now able to see a systematic framework for growth in which they have an opportunity of achieving their career goals.

## HRP in the Future

Since formal HRP has been in place for only two years at LTI, John Griffiths sees no need as yet for it to become more sophisticated. What he thinks important at this point and for the next few years is to raise consciousness among the managers until it becomes second nature to them to plan in advance for their people needs.

Griffiths also hopes to help managers perfect the tools and techniques they are now using to determine their demand for and supply of human resources. Towards this end, he intends to use LTI's recently purchased Management Information System (MIS), which will, in time, be able to provide a comprehensive analysis of the internal supply: it will provide a skills analysis and a demographic analysis, it will show trends of movement within and without the organization, and it will match data on performance, career planning, and skills inventory. It will also utilize sales forecasts to produce an estimate of human resource demand. The program will then meld the supply and demand estimates and come up with a statement of gaps and surpluses for the forecast period.

Although this program sounds quite sophisticated, the managers will not need to provide any more information than they are already providing. Eventually, they can spend less time filling out forms and shift more energy to using the MIS's summary information for making qualitative decisions on the growth of their departments.

# E X H I B I T S

**EXHIBIT 1**
**A Tool for Determining Supply**

**Linear Technology Incorporated**
Performace Agreement Form — Confidential

Name _____ Position _____ Grade _____
Department _____ Agreement Period _____

| Responsibilities / Results Areas | Objectives / How much of what by when | Indicators / Action Steps | Indicators / Feedback |
|---|---|---|---|
| * | | | |
| * | | | |
| * | | | |

* Please indicate the importance of each responsibility. (E.g., the projected time spent in each Results Area could be used to identify its importance).

_____ Supervisor Signature _____ Date

_____ Employee Signature _____ Date

# Performance Appraisal System

## ROI: Responsibilities, Objectives, Indicators

ROI is a process for setting and monitoring individual goals at LTI, and forms an agreement between the supervisor and the employee. It is established at the beginning of the year, and reviewed at the end of the year. It identifies the critical job activities needed to reach the objective, as well as specifying the objective itself. In the ROI system, these critical job activities specify an end result, and indicate a time frame. "Indicators" are separated into two groups: "Action steps" and "Feedback".

This system establishes a clear link between performance and rewards, because it gives the supervisor reference points for co-ordinating, motivating, and directing the employee.

## Policy

**i) Definitions of Responsibilities, Objectives, Indicators**

*Responsibilities* refer to the key areas for which the employee is held accountable and should be described in terms of activity areas where results can be expected. These should number no more than six.

*Objectives* are specific measurable results to be achieved within a set period of time. An Objective defines how much of what, by when.

*Indicators* are separated into 2 categories. Action Steps describe the steps you should go through to ensure that Objectives will be met. If Objectives are not being met, then the Action Steps are probably inappropriate and need to be changed. Feedback establishes the agreed mechanism, which will tell whether or not the Objectives and Action Plans are being met.

**ii) Evaluation of Performance**

**a)** Performance ratings 1 to 5 are awarded to each responsibility or results area, and are based on evaluation of Objectives and Action Plans.

**b)** The 5 performance ratings are determined as follows:

| | | |
|---|---|---|
| **5** Has completed more than Action Plans | and | Has exceeded Objectives |
| **4** Has completed more than Action Plans | or | Has exceeded Objectives |
| **3** Has completed Action Plans or less | or | Has met Objectives |
| **2** Has completed Action Plans | or | Has not met Objectives |
| **1** Has not completed Action Plans | or | Has not met Objectives |

## Procedure

**i)** Supervisor will present ROI to employee for discussion and agreement in January of each year, after company results are available, or will ask the employee to draw up his/her own ROI for discussion with supervisor/manager, who will also have prepared a ROI document for discussion. Copies will be given to the employee and Human Resources.

**ii)** Review of performance will take place at 6-month and 12-month intervals with employee.

**iii)** Completed ROI will be passed to the employee and Human Resources.

**iv)** Should changes to ROI occur during the year, such changes should be factored into the existing performance agreement by the supervisor, and the employee informed accordingly.

**EXHIBIT 2**

## A Tool for Determining Supply

**Linear Technology Incorporated**

Human Resource Inventory Chart: HRP II

| Names | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Dept | | | | | | | | | |
| Age | | | | | | | | | |
| Grade | | | | | | | | | |
| Salary | | | | | | | | | |
| LTI Experience in Present Post | | | | | | | | | |
| LTI Experience in Previous Posts | | | | | | | | | |
| Experience Before Company | | | | | | | | | |
| Relevance Factor | | | | | | | | | |
| Not Relevant<br><br>Very Relevant<br>1 - 5 | | | | | | | | | |
| Performance Rating (Avg of Last 3 Yrs) | | | | | | | | | |
| Potential Rating (1 - 5) | | | | | | | | | |
| Development Required Mgt - 1; Tech - 2; Business -3; Skills -4; Marketing -5 | | | | | | | | | |
| Other Positions Considered | | | | | | | | | |

### Relevance Factor

**5** All experience is relevant
**4** Most of experience is relevant
**3** 50% of experience is relevant
**2** Some experience is relevant
**1** No experience is relevant

### Potential Rating

**5** Has exceeded potential in present job and was ready for promotion 12 months ago. Unless some alternative strategies are put in place, demotivation will occur.

**4** Has exceeded potential in present job. Is promotable in forthcoming 12-month period. Alternative development should already have been defined.

**3** Has met potential in present job. Needs some active alternative development. Will be ready for promotion in less than 2 years.

**2** Is progressing satisfactorily in present job and is living up to potential. Will be ready for promotion in 2-3 years.

**1** Only just fulfils potential in present job. More time is required in present job before alternative development is selected. Expected promotion period is 3-5 years.

**EXHIBIT 3**
## A Tool for Determining Supply

**Linear Technology Incorporated**
Individual Development Plan HRP III

_____ Employee

_____ Manager

Date _____

Present Job:
1. _____
Potential Job:
2. _____

Timing: _____

| Knowledge | 1 | 2 |
|---|---|---|
| Technical Business | ___ | ___ |
| General Business | ___ | ___ |
| Knowledge of the Organization | ___ | ___ |
| Company Policy | ___ | ___ |
| Company Procedures | ___ | ___ |
| _____ | ___ | ___ |
| _____ | ___ | ___ |
| _____ | ___ | ___ |

| Skills | 1 | 2 |
|---|---|---|
| Managerial | ___ | ___ |
| Technical | ___ | ___ |
| Leadership | ___ | ___ |
| Problem Solving | ___ | ___ |
| Decision Making | ___ | ___ |
| Administrative | ___ | ___ |
| Communication | | |
| Oral | ___ | ___ |
| Written | ___ | ___ |
| Organization | ___ | ___ |
| Planning | ___ | ___ |
| Precision | ___ | ___ |
| Motivation | ___ | ___ |
| Handling Stress | ___ | ___ |
| Sensitivity to People | ___ | ___ |
| Interpersonal Skills | ___ | ___ |

X = fully adequate
XX = needs development

| Training or Experience Needed | ✓ | How to Accomplish | Date to Be Accomplished |
|---|---|---|---|
| | ___ | School _____ | _____ |
| | ___ | Seminar _____ | _____ |
| _____ | ___ | Assignment Shadowing | |
| | ___ | Months Experience in _____ Position | _____ |
| _____ | ___ | Temporary Assignment as _____ | _____ |
| | ___ | Special Emphasis on _____ | _____ |
| | | _____ | _____ |

_____

**EXHIBIT 4**

## A Tool for Determining Supply

**Linear Technology Incorporated**

Succession Plan HRP IV

| | Ideal Profile | Incumbent | Candidate | Candidate | Candidate |
|---|---|---|---|---|---|
| Name | | | | | |
| Position Reporting To | | | | | |
| Age/Grade/Salary | | | | | |
| Education | | | | | |
| Experience in Company in Job before Company | | | | | |
| Performance Rating (Last 3 Years) | | | | | |
| Potential Rating 1 to 5 | | | | | |
| Versatility Rating 1, 2 or 3 | | | | | |
| Main Strengths (1 Must, 2 Wants) | | | | | |
| Main Weaknesses | | | | | |
| Special Expertise | | | | | |
| Development Routes | | | | | |
| Other Positions Which Can Be Considered | | | | | |

**EXHIBIT 5**
## Determining Demand and Supply

### Linear Technology Incorporated

Demand/Supply Determination & Matching HRP V

Department _____

**Demand Determination**

| | Current No. of Positions (a) | Current No. of Employees (b) | Vacant Positions (c) | Demand due to Sales Projection (d) | Demand due to Span of Control (e) | TOTAL Demand (f) |
|---|---|---|---|---|---|---|
| Managers | | | | | | |
| Supervisors | | | | | | |
| Engineers & Scientists | | | | | | |
| Technologists | | | | | | |
| Sales & Marketing Professionals | | | | | | |
| Operators | | | | | | |
| Clerical/Sec/ Admin | | | | | | |
| Tech Assistants | | | | | | |
| Others | | | | | | |
| Total | | | | | | |

**Supply Determination**

| | Current No. of Employees (b) | Turnover Trend (g) | Transfers/ Promotion Out (h) | Current To Remain In Post (i) | Transfers/ Promotions In (j) | TOTAL Supply (k) | GAP (-)/ SURPLUS (+) |
|---|---|---|---|---|---|---|---|
| Managers | | | | | | | |
| Supervisors | | | | | | | |
| Engineers & Scientists | | | | | | | |
| Technologists | | | | | | | |
| Sales & Marketing Professionals | | | | | | | |
| Operators | | | | | | | |
| Clerical/Sec/ Admin | | | | | | | |
| Tech Assistants | | | | | | | |
| Others | | | | | | | |
| Total | | | | | | | |

Legend:
c = a - b
d = a (1/2 the sales growth rate)
e = (a+b) 20% (only for managerial or supervisory levels)
f = b + c + d + e
g = historical % (b)
h = from HRP II, III and IV
i = b - (g + h)
j = from HRP II, III and IV
k = i + j
Gap (-)/Surplus (+) = k-f

**EXHIBIT 6**
## Action Planning

**Linear Technology Incorporated**
Human Resource Recruiting Control Sheet HRP VI

Department _____ Date _____ Through _____

| Job Title | No. of Jobs To Be Filled | Date Needed | To Be Recruited | To Be Trained | To Be Filled from Within | Date To Be Filled | Difficulty Factor |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Total Needed | | | | | | | |

Difficulty Factor:

1 - No difficulty - Less than 1 month to hire
2 - Little difficulty - 1 - 3 months to hire
3 - Some difficulty - 3 - 6 months to hire
4 - Extremely difficulty - more than 6 months to hire

# CONCLUSION

The presentation of these three case studies demonstrates that human resource planning is helpful in any situation: service or manufacturing firms, unionized or nonunionized employees, professional or manual workers. The studies simply undercut the usual list of deterrants for implementing HRP: organization size, unionization, strict budgets, composition of staff, industrial sector, lack of "personnel" resources, and costs of implementation. Each of the three organizations studied had to contend with some of these factors. All could be overcome (and a few turned out to be more help than hindrance). For all three organizations, implementing an HRP process has brought a variety of benefits: a reduction in costs, an increase in productivity and efficiency, a decrease in turnover and absenteeism, an increase in morale, an improvement in communications, and/or a continued co-operative relationship with an international union. These benefits have more than outweighed any costs the organizations have had to bear in implementing a planning process for their human resources.

Bob McGowan, the manager of finance and administration at Corah, sums it all up very aptly: "HRP is a foolproof system where no one loses; it results in money in the bank and harmony within the organization."